

Study Session  
City Council Chambers  
January 10, 2006

Mayor Pro Tem Schmid opened the Benefit Areas Study Session at 3:08pm.

Public Works Director Joe Henne stated the Study Session concerns two Ordinances that are on today's agenda one allowing the City to recoup the City's investment on the new reservoir on Lookout Point and the other a pressure capital cost recovery area. He further explained that one ordinance allows for costs back to the City for current reservoir capacity for fire suppression and domestic use and the other for the future growth area. He called the Council's attention to corrected figures in the Ordinances and moved to the chart included in Ordinance N-1 illustrating that the reservoir will serve up to 1,550 ERU's (equivalent residential units) in the City. He stated all lots that will be applying for a building permit will be included within this 1550/area and will be required to pay \$605 per ERU. Council Member Larson clarified that would be in Zone 1, 2, 3, 4, or 5 - any new hookups would pay that fee. Mr. Henne stated in Ordinance N-2 the City has the same cost acquisition and new constructions in that portion would pay \$1,541.

The Mayor Pro Tem clarified that N-2 covers hookups outside the existing residential areas, much of which is currently open land. Mr. Henne stated that a developer who is subdividing land would have to pay and then pass on costs to those who purchase lots or homes in that subdivision.

Jeff Louman clarified that homes may want to hookup or may want to subdivide then contractor will set fee within. He stated it is unlikely that development in Goodlander Heights and up to McGonagle will be supplied by these reservoirs, rather it's likely to require its own reservoir and transmission main on that side. He noted zone 3 and zone 4 are already platted lots.

Joe Henne stated properties outside this area are included in the area minus transmission and pump cost; the idea is to recover costs. He stated we will need another reservoir, and the next one will be above Speyers Road.

Allen Schmid asked if another benefit area would be created if the City built another reservoir.

Joe Henne stated the Comp Plan shows we will be building two more reservoirs.

Jeff Louman confirmed that if the City builds a reservoir for other zones, we would need to develop another benefit area. He noted ideally you'd accrue enough from one benefit area to build the next reservoir, and so on. Mayor Pro Tem Schmid pointed out this is an alternative to going back to the taxpayer with a rate increase. Mr. Louman agreed.

Council Member Keith Larson asked for clarification on how the rates are calculated. He noted it could be that the City could run out of capacity and not have many residents move into that benefit area, and it might be we do not recoup anything.

Jeff Louman explained that the reason you set up the reservoir capacity City-wide is you could have all 1550 ERU's (Equivalent Residential Units) in the City, outside of the "Yellow Zone" (the area around Lookout Point). That way, the Yellow Zone can still be reserve as a recapture area for a time into the future.

Allen Schmid explained that the 1550 ERU's exclude lots that exist today.

Jeff Louman stated potential users pay at time of planning a subdivision, while existing lots pay only at the building permit stage.

City Supervisor Frank Sweet stated anything at preliminary plat stage is not exempted anywhere in City. the \$605 fee yellow zone also has a pressure fee of \$1541.

Jeff Louman noted there is a portion of Heritage Hills that cannot be served by gravity flow, the contour elevation determines the applicable zone.

Denise Nichols asked the amount of the current connection fee.

Joe Henne responded that the connection fee for a 3/4" water hookup is \$850.

Jeff Louman stated the infrastructure is in place so the developer will treat it as a plant investment fee.

Denise Nichols asked if passing this Ordinance will mean the current fee will go down.

Frank Sweet clarified that existing fees stay in place and the new fee goes on top of that.

Allen Schmid stated we're looking at how in the future we will be able to build to have money in place as we need it for infrastructure, without taking a loan and rebilling current users.

Paul Overby stated currently rate increases are paying for improvements to infrastructure, but this recovery method should take the place of that method.

Keith Larson pointed out that without growth, we would not need a new reservoir.

Herb Schmidt asked if there are other cities to compare.

Jeff Louman stated the City of Omak is comparable. They created a more complicated recovery fee with several tiers. He stated Well 8 will take pressure off existing pumps as well as serve future growth. He noted the Council might want to consider this when the new well comes on.

Allen Schmid asked if we will track ERU's as they are approved and come into existence.

Mr. Henne stated they have not been counted up to this point.

The Mayor Pro Tem stated it is very critical to take into consideration the ability to have money in hand to support infrastructure. He stated in the Midwest they have benefit districts.

Denise Nichols asked if this money will go into a capital account.

Joe Henne stated he will set up a capital account for that purpose.

Allen Schmid stated additional reservoir storage was needed.

Scott Smeback noted there are also new standards for residential pressure and fire pressure.

Joe Henne noted the City had a moratorium on additional subdivisions until it could ensure adequate water supply.

Herb Schmidt noted this is similar to amortization accounts for equipment.

Jeff Louman stated it seems fair if you are a new connection that you pay for your impact on the system.

Allen Schmid stated the City now needs to figure out a way to do the same thing for streets. He adjourned for fifteen minutes until the regular meeting.